E LIBRARY
AUG 6 -

THE BUSINESS REVIEW

FEDERAL RESERVE BANK OF PHILADELPHIA

AUGUST 1, 1941

Expanding defense production is having an increasing effect upon industrial, trade, and banking activity. The volume of industrial production in the Third Federal Reserve District is rising steadily to new high levels. Increasing income and growing business requirements are stimulating the demand for goods by manufacturers, distributors, and consumers. Evidences of shortages of civilian goods are increasing. Many producers of such basic materials as steel and textiles are booked for several months in advance. Increased tension in the Far East has seriously unsettled the outlook for supplies of silk, rubber, tin, tungsten, and other key commodities. Costs and prices are rising. The volume of bank credit continues the sharp expansion which began last summer.

Industrial activity in this District increased 4 per cent from May to June to a level nearly one-third above that of a year ago, when the defense program was just getting under way. The output of durable manufactured goods continues to show the greatest advances. Production of coal has increased sharply; output of oil has risen somewhat more than seasonally; and the production of electric power has expanded further to a new record.

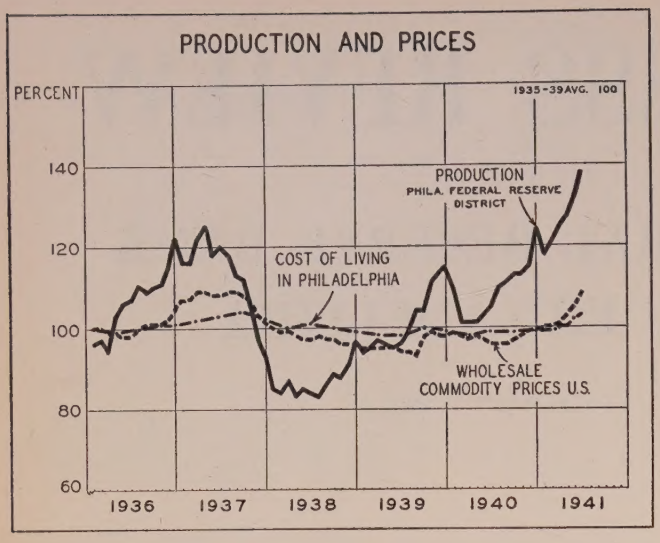
Employment in trade and industry generally has increased further to levels well above last year. Factory employment is the largest since 1923 and is still expanding. Increased overtime work and higher wage rates have brought workers' income to the highest level on record.

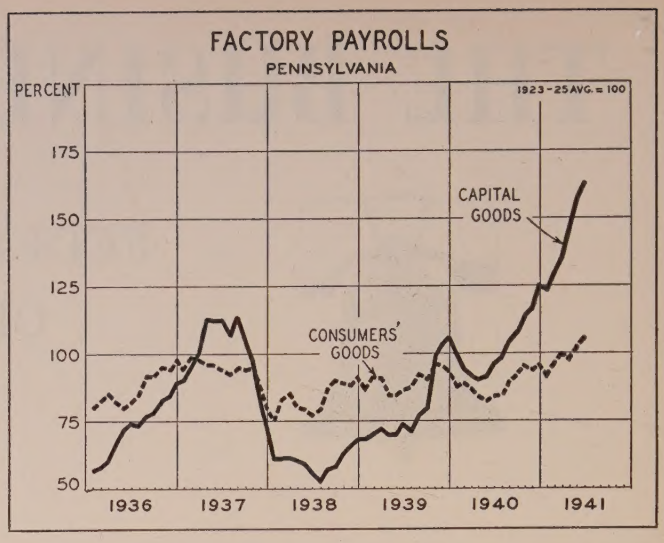
Construction activity has increased further. An especially sharp gain has occurred in the case of industrial building, reflecting continued expansion in productive facilities to meet defense requirements. Residential building has expanded substantially from the high levels reached last year.

Retail trade sales slackened somewhat in June from the unusually large volumes of the preceding two months, but business improved again in July. Buying at wholesale has been active, and problems of making scheduled deliveries appear to be growing more acute. The movement of rail freight in this area is the heaviest since 1930.

Prices generally have increased rapidly since last spring and in the middle of July the index of wholesale prices, published by the United States Bureau of Labor Statistics, was 18 per cent above the level prevailing before the war in August 1939. Heavy trade and industrial demand, rising costs, shipping difficulties, and growing scarcities have stimulated widespread increases in prices of both raw materials and manufactured goods. The cost of living in Philadelphia has increased 5 per cent during the war period, with particularly rapid advances in recent months. The sharpest rise has been in the cost of food.

The volume of commercial bank loans required to finance expanding business continues to increase. Investments of reporting banks in this District have also risen. Deposits have increased, the volume of money in circulation continues large, and funds generally are being more actively used. Prices of equities have strengthened since early June, while quotations on bonds have continued steady near earlier peak levels.





Manufacturing. The demand for products manufactured in this District continues strong, but the growing shortage of goods available for delivery before the fourth quarter or early next year has restricted the volume of sales to civilian buyers in several basic lines. Inquiries were more numerous in the month ended the middle of July than in the previous period in all reporting industries except textiles. Sales also increased somewhat except in the case of iron and steel, where mills are booked virtually to capacity for the next several months. Sales generally are sharply above last year and backlogs are still expanding. Prices of manufactured goods are advancing in all reporting lines except steel.

Operations are increasing, and stocks of finished goods at manufacturing plants are being reduced further. Supplies of raw materials have been expanded substantially since last year but showed little change from early June to July.

Factory employment and payrolls in Pennsylvania increased further from May to June, when there is ordinarily a decline, and preliminary reports indicate that employment advanced and wage payments were well sustained again in July. The total number of workers at factories in June was estimated at over 1,100,000 or close to the previous peak levels reached in 1923. Wage payments totaled over $33,800,000 a week, the largest disbursements on record.

The principal gains in the month were again in the heavy industries, where employment was over 30 per cent above a year ago and payrolls 70 per cent higher. The largest increases were reported by the transportation equipment, nonferrous metal, and the iron and steel industries. Small increases were also reported by consumers' goods industries, where employment averaged 14 and payrolls 26 per cent above last year. In these lines employment is still below the peaks of 1937.

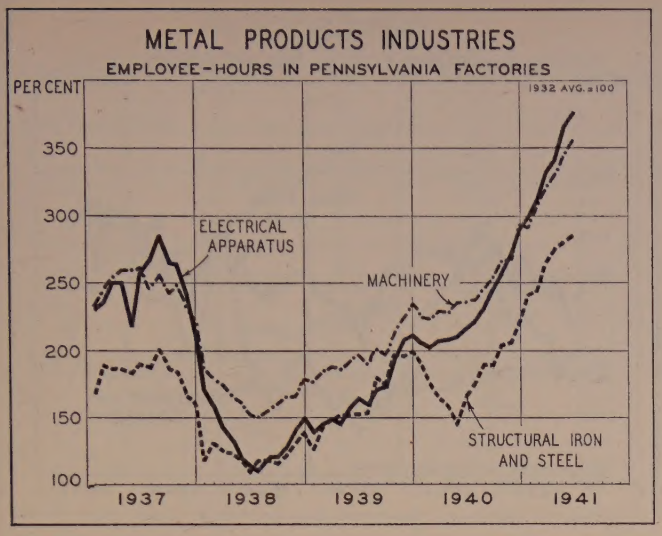
Hourly earnings of factory workers reached a new high average of 81 cents in June or 11 per cent above last year. The peak in 1929 was 59 cents an hour and the low point of the depression was 43 cents in 1933. Working time also increased to an average of approximately 41½ hours a week, the highest since 1930. Weekly earnings reached a new peak of about $33.20.

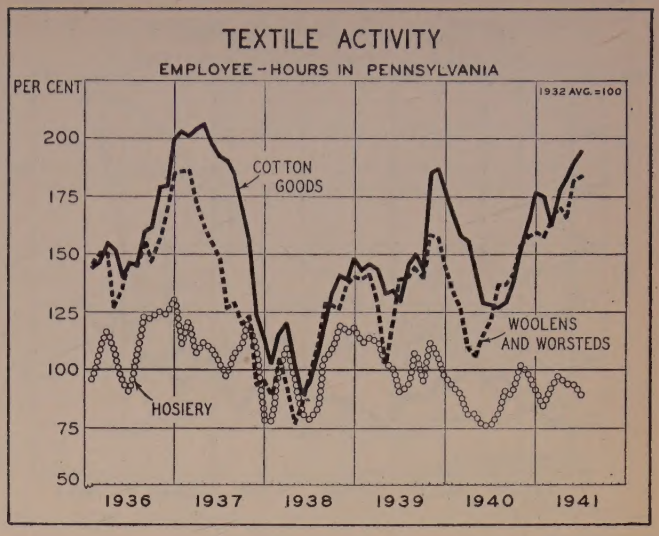
In Delaware, factory employment declined 1 per cent and payrolls increased 2 per cent in June. In southern New Jersey, employment and payrolls advanced 2 and 3 per cent respectively in the month.

The output of manufactured products in the District increased slightly more than usual in June to a level 34 per cent above the middle of 1940. Production of durable goods expanded, while the output of lighter products declined somewhat. The principal gains were in transportation equipment, where output was double the amount produced in June 1940; chemicals; and metal products, especially primary iron and steel.

Production and sales of electric power increased more than seasonally in the month to volumes over one-fifth larger than a year ago.

Coal and other fuels. The market for fuels continues unusually active. Expanding industrial requirements and efforts to build up inventories have further increased the demand for bituminous coal.





Sales of anthracite are large for this season. Prices of coal are somewhat higher, as costs of production have increased.

Production of anthracite in Pennsylvania increased from 148,400 tons a day in May to a high level of 195,400 tons a day in June, when operations are usually expected to decline. Output decreased early in July, however, owing to a vacation of one week for miners. The volume of coal mined during the first six months of 1941 approximated that of a year ago.

Operations at bituminous coal mines expanded further in June, although activity ordinarily slackens at this season. Production averaged 441,200 tons a day, the largest for the month since 1929. Output in the first half of 1941 was the largest in four years.

Production of by-product coke increased again in June, and the output of gas and fuel oils also continues at a high level. Activity at both coke ovens and oil refineries is above a year ago.

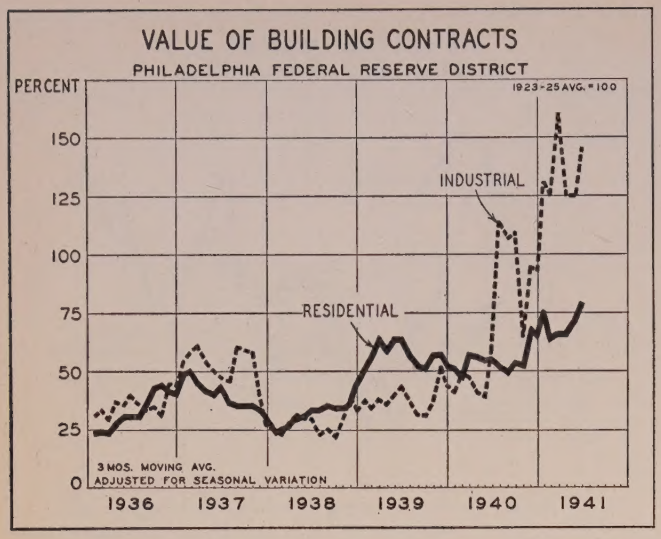
Building. Construction activity in this District expanded substantially more than usual from May to June and reached the highest levels since 1930. Awards of new contracts increased sharply in the month as industry continued the large-scale expansion program started last year to provide adequate facilities for the production of defense equipment and supplies. Residential construction also continues unusually active, particularly in industrial centers where the problem of housing the rapidly growing defense labor force is increasingly acute.

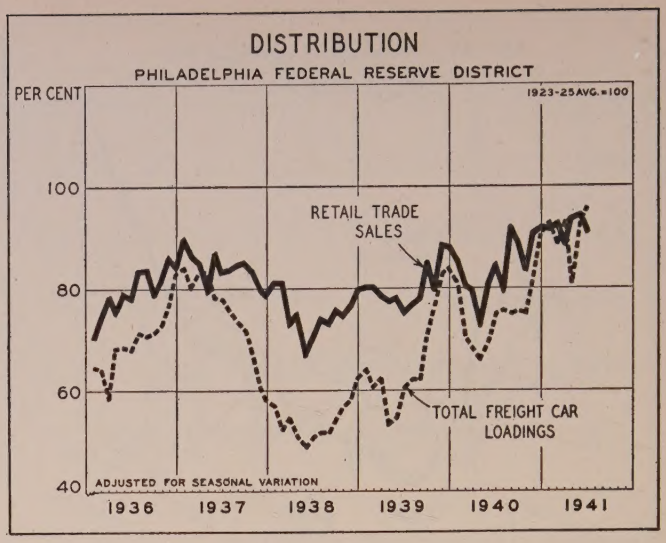
Awards of new contracts in June totaled nearly $38,160,000 or about 80 per cent more than in the previous month or in June of 1940 and the largest in eleven years. The increase was due chiefly to awards for factory construction, which were four times as large as in May and almost eleven times as large as in June of last year. Contracts for the erection of apartments and hotels also increased sharply in the month. Awards for houses declined but were substantially larger than a year earlier. Contracts for public works and utilities were more than doubled from May to June but were only slightly larger than in June 1940.

In the first six months of this year total awards of building contracts were 47 per cent greater than in the same period of 1940. Sharp increases occurred in the case of houses and all types of nonresidential structures, especially factories.

Agriculture. Defense activity is having an increasing effect upon agriculture, particularly in this District, where many large industrial centers are producing a wide variety of defense materials. The steady and rapid expansion of wage incomes has stimulated the demand for farm products, and jobs in defense industries at high wage rates have drawn large numbers of workers from rural areas. The shortage of labor has become increasingly acute, particularly in the case of growers of fruits and truck crops, where hand labor is required.

Growing conditions are generally favorable, especially in southeastern Pennsylvania and southern New Jersey. A succession of heavy rains and high temperatures have substantially improved pasture conditions. Cultivation of corn, the harvesting of winter grains, and haying, however, have been somewhat retarded. A period of excessive heat and humidity had an unfavorable effect upon





some vegetables. Field and fruit crops are expected to be somewhat smaller this year than last, although prospects are for an increase in the production of tobacco.

Prices of farm products have increased sharply since early spring. Farm cash income in Pennsylvania, New Jersey, and Delaware in the first five months totaled over $163,300,000, or 11 per cent more than in 1940.

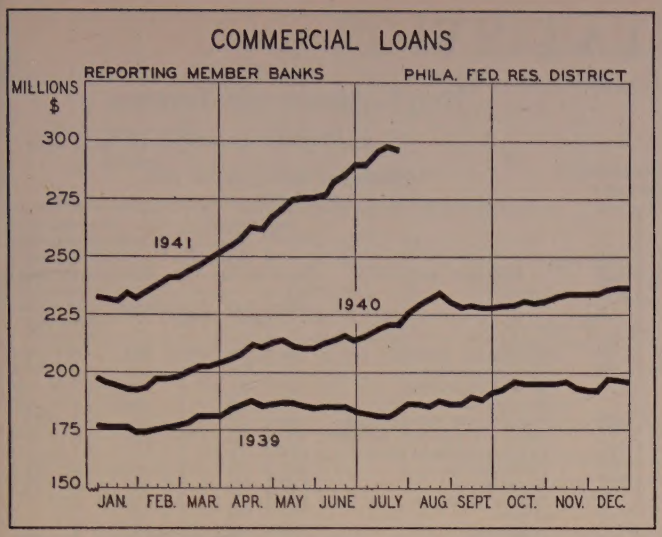
Trade. Heavy demands for industrial materials and the sustained sharp rise in consumer incomes have maintained distributive activity at unusually high levels. The movement of rail freight in June was the largest since 1930, and shipments continued near these peaks in July. Wholesale trade has expanded further in spite of the difficulties of getting delivery in many lines. Retail business in June slackened somewhat from peaks reached in April and May, but improved again in July. Trade generally continues substantially above a year ago.

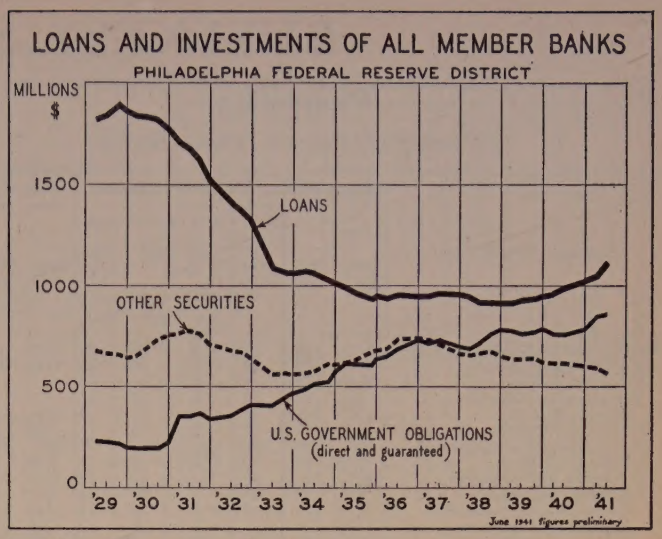
Following unusually heavy consumer buying in April and May, when retail trade was the best for that season in the past eleven years, sales declined somewhat more than usual in June. Larger than seasonal declines were reported by department, women's apparel, and shoe stores, and business at men's apparel stores expanded less than was to be expected. The only improvement in reporting lines in the month occurred at establishments specializing in sales of furniture and household appliances. Consumers generally are reported to be buying better quality goods than is usually the case, and sales of semiluxuries, house furnishings, and electrical appliances seem to be the most active. Some anticipatory buying is in evidence. Sales by department and credit stores in June were larger than a year ago, those of apparel stores were about the same, and at shoe stores the volume of business was smaller.

Stocks at retail establishments have been accumulating steadily since the first of the year and in June all lines showed smaller than usual reductions. Inventories at credit stores showed little change in the month. Stocks generally are above a year ago and exceed the peak levels of 1937.

Wholesale business improved further from May to June in all lines except shoes and groceries, and for the first half of the year averaged about one-third larger than in 1940. The greatest increases in the month were again in sales of electrical supplies, which were more than double a year ago. Stocks at wholesale establishments showed little change in the month but, except in the case of dry goods and jewelry, are substantially larger than last year.

Shipments of rail freight increased in June when there is ordinarily a small decline, and for the first six months have averaged about one-quarter above a year ago. Shipments of coal increased substantially and were the largest for the season since 1927. Loadings of coke declined less than seasonally in the month. Shipments of ore were reduced slightly, but for the past six months have been 60 per cent above last year and in May had reached the highest level since 1923. The movement of forest products and grain increased somewhat, and loadings of livestock declined. Shipments originating in Philadelphia continue heavy, despite a small decline from the peaks of May and June.





Banking conditions. Credit extended by the reporting banks has been increased further during the past month by active industrial and trade borrowing and purchases of newly issued securities of Federal agencies. Deposits have increased and are being used more actively as business requirements for funds are expanding. At all member banks in this District deposits are one billion dollars larger than in 1929, but total loans and investments are still somewhat smaller.

Reserves of member banks were reduced $11,000,000 to $689,000,000 in the five weeks ended July 23. Balances continue considerably above requirements at most banks and generally are supplemented by heavy deposits with correspondents.

Treasury receipts in the month substantially exceeded disbursements, owing partly to the collection of checks for income taxes payable in other districts. Treasury balances also were sustained, in the face of continuing heavy expenditures on defense, by the proceeds from sales of securities for the Reconstruction Finance Corporation and the Commodity Credit Corporation, and sales of savings bonds, which in May and June aggregated $50,000,000 maturity value in this District.

The reduction in reserves was due partly to the substantial increase in currency demand. An expansion of $15,000,000 in circulating notes of this Bank was more than twice the amount required a year ago. A gain of $5,000,000 in interdistrict transactions, together with funds released from miscellaneous balances at the Federal Reserve Bank, helped to maintain the level of reserves.

Total loans and investments of the reporting member banks have increased $21,000,000 over the past month to a new high since 1931 of $1,320,000,000. Commercial loans, rising $10,000,000 to a level 34 per cent above a year ago, extended the increase over the entire war period to nearly 60 per cent. There was also a small rise in unclassified loans, which include direct extensions of personal and installment credit, and an increase of $9,000,000 in holdings of securities guaranteed by the United States Government.

The reporting banks gained $18,000,000 of deposits in the period, but the total of $1,907,000,000 on July 23 was still substantially under the peak in May. State and municipal balances declined further, apparently as a result of debt operations, while demand deposits of individuals and business concerns are at a record high. In the first half of the year these deposits averaged 16 per cent above 1940, and the rate of turnover advanced.

Preliminary tabulations covering all member banks in the District show that they had $2,535,000,000 of loans and investments on June 30. Increases of $61,000,000 in the second quarter and $193,000,000 over the past twelve months were widely distributed among city and country banks. An increase of $66,000,000 to $1,110,000,000 in loans from April 2 to June 30 was due chiefly to heavier borrowings on commercial account from the Philadelphia banks. Holdings of government securities were increased, particularly by the country banks, but aggregate investments declined $5,000,000 to $1,425,000,000 as a result of reductions in state, municipal, and corporate obligations. The volume of loans is much smaller than in 1929; investments have been sharply increased by the purchase of United States Government obligations.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923–5 = 100	Adjusted for seasonal variation					Not adjusted		
				Per cent change				
				June 1941 from				
	June 1941	May 1941	June 1940	Mo. ago	Year ago	1941 from 6 mos. 1940	June 1941	May 1941	June 1940
INDUSTRIAL PRODUCTION	**112p**	**108**	**85**	**+ 3**	**+ 31**	**+ 23**	**111p**	**107**	**85r**
MANUFACTURING	**112p**	**110**	**83**	**+ 1**	**+ 34**	**+ 26**	**111p**	**109**	**83r**
Durable Goods	136p	131	88r	+ 4	+ 55	+ 47	.....	.....	.....
Consumers' Goods	94p	96	80	− 2	+ 18	+ 11	.....	.....	.....
Metal products	137	135r	91	+ 2	+ 51	+ 46	139	134r	92
Textile products	84p	87	64	− 3	+ 32	+ 17	82p	84	63
Transportation equipment	206	186r	103	+11	+100	+ 77	208	194	104
Food products	91p	92	86	0	+ 7	+ 7	85p	88	81
Tobacco and products	107	110	97	− 3	+ 10	+ 3	115	106	104
Building materials	53	53	41r	− 2	+ 30	+ 34	58	56	45r
Chemicals and products	153p	141	128	+ 8	+ 20	+ 11	154p	144	128
Leather and products	138p	141	108	− 2	+ 28	+ 15	135p	128	105
Paper and printing	92	92	89	0	+ 3	+ 1	91	92	89
Individual Lines									
Pig iron	94	89	82	+ 6	+ 14	+ 21	89	93	78
Steel	119	111r	85	+ 8	+ 40	+ 36	122	116r	87
Iron castings	91	88	73	+ 3	+ 24	+ 25	90	91	72
Steel castings	159	156	93	+ 2	+ 71	+ 78	165	162	97
Electrical apparatus	184	196r	106	− 6	+ 74	+ 62	184	180r	106
Motor vehicles	35	32	13	+12	+182	+118	43	40	15
Automobile parts and bodies	123	116	69	+ 6	+ 79	+ 55	123	122	69
Locomotives and cars	68	68r	32	0	+116	+ 55	70	67r	32
Shipbuilding	1062	939	529	+13	+101	+ 84	1052	967	524
Silk manufactures	92	90r	66	+ 3	+ 39	+ 19	88	86	63
Woolen and worsteds	74	80	50	− 8	+ 48	+ 37	71	75	48
Cotton products	64	60	43	+ 7	+ 50	+ 21	60	59	40
Carpets and rugs	112	129	74	−13	+ 51	+ 5	107	125	71
Hosiery	91	93	78	− 2	+ 18	+ 8	89	93	76
Underwear	158	146r	126	+ 8	+ 26	+ 6	158	147	126
Cement	76	75	57	+ 1	+ 32	+ 30	91	85	68
Brick	64	65	45	− 2	+ 43	+ 58	66	69	47
Lumber and products	33	35r	29r	− 5	+ 15	+ 13	34	32	29r
Bread and bakery products	.....	.....	.....	+ 7	+ 9	+ 4	101	94	92
Slaughtering, meat packing	103	103	104	0	− 1	− 3	97	103	98
Sugar refining	19	105	51	−82	− 62	+ 38	21	129	54
Canning and preserving	97p	91	81	+ 6	+ 20	+ 18	70p	69	58
Cigars	106	109	96	− 3	+ 11	+ 2	114	105	103
Paper and wood pulp	88	86	83	+ 3	+ 6	+ 4	87	86	82
Printing and publishing	93	93	91	0	+ 2	0	92	94	90
Shoes	161	166	126	− 3	+ 28	+ 23	153	151	120
Leather, goat and kid	116p	117	90	− 1	+ 29	+ 5	118p	107	91
Explosives	169	159	94	+ 7	+ 81	+ 56	169	161	94
Paints and varnishes	101	95r	84	+ 6	+ 19	+ 13	103	100	86
Petroleum products	181p	166	164	+ 9	+ 11	+ 1	183p	166	165
Coke, by-product	149	139	135	+ 7	+ 10	+ 12	149	144	135
COAL MINING	**82p**	**57**	**75r**	**+45**	**+ 9**	**+ 2**	**75p**	**60**	**68r**
Anthracite	79p	51	74r	+55	+ 7	+ 1	73p	56	68r
Bituminous	105	101	81r	+ 4	+ 29	+ 6	93	91	72r
CRUDE OIL	**394**	**391**	**405**	**+ 1**	**− 3**	**− 9**	**410**	**406**	**421**
ELECTRIC POWER	**342**	**339**	**283**	**+ 1**	**+ 21**	**+ 15**	**325**	**315**	**269**
Sales, total	336	324	277	+ 4	+ 21	+ 16	326	311	269
Sales to industries	250	233	196	+ 7	+ 28	+ 23	253	238	198
BUILDING CONTRACTS									
TOTAL AWARDS†	**105**	**97**	**69**	**+ 8**	**+ 52**	**+ 42**	**107**	**94**	**71**
Residential†	80	71	55	+13	+ 44	+ 31	84	75	58
Nonresidential†	123	109	56	+13	+120	+118	125	114	57
Public works and utilities†	137	141	142	− 3	− 4	− 19	130	99	135

* Unadjusted for seasonal variation.
† 3-month moving daily average centered at 3rd month.
p—Preliminary.
r—Revised.

Local Business Conditions*

Percentage change—June 1941 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	May 1941	June 1940	May 1941	June 1940	May 1941	June 1940	May 1941	June 1940	May 1941	June 1940
Allentown	+2	+25	+4	+59	− 20	+ 312	−10	+ 2	− 4	+28
Altoona	+1	+18	+5	+49	+ 9	+ 88	− 9	+ 8	+ 2	+19
Harrisburg	+1	+34	+7	+70	+1072	+2952	−10	+10	− 3	+22
Johnstown	+3	+21	+4	+50	− 21	− 13	− 3	+17	+ 6	+28
Lancaster	+3	+18	+4	+44	+ 347	+ 140	−19	+ 5	+ 1	+21
Philadelphia	+2	+31	+5	+58	+ 34	+ 43	− 6	+ 9	+ 8	+48
Reading	0	+18	0	+50	− 43	− 46	− 5	+17	− 1	+25
Scranton	+4	+17	+6	+34	+ 53	+ 62	−11	0	+ 8	+16
Trenton	0	+15	+4	+38	+ 227	− 31	− 1	+ 7	0	+23
Wilkes-Barre	+1	+37	+3	+78	− 3	− 16	− 3	+ 5	0	+16
Williamsport	+1	+14	+7	+40	+ 77	+ 332	.....	.....	− 6	+31
Wilmington	0	+30	+2	+57	− 69	− 59	−12	+ 8	+41	+29
York	+4	+20	+6	+52	+ 22	+ 103	− 6	+14	− 2	+35

* Area not restricted to the corporate limits of cities given here.

Employment and Income

in Pennsylvania

Industry, Trade and Service

Indexes: 1932 = 100	Employment			Payrolls		
	June 1941 index	Per cent change from May 1941	Per cent change from June 1940	June 1941 index	Per cent change from May 1941	Per cent change from June 1940
GENERAL INDEX	**130**	**+2**	**+17**	**228**	**+ 5**	**+44**
Manufacturing	165	+2	+24	311	+ 4	+54
Anthracite mining	65	+1	− 1	88	+53	+27
Bituminous coal mining	105	0	+ 3	300	− 3	+58
Building and construction	64	+4	+15	103	+ 4	+32
Quar. and nonmet. mining	127	+2	+11	311	+ 4	+36
Crude petroleum prod.	139	+1	+ 2	164	− 1	0
Public utilities	104	+1	+ 6	120	+ 2	+ 9
Retail trade	117	+3	+ 7	146	+ 4	+11
Wholesale trade	126	+1	+ 7	143	+ 3	+15
Hotels	106	−2	+ 2	128	− 2	+ 5
Laundries	119	+2	+11	160	+ 3	+12
Dyeing and cleaning	115	+2	+ 6	159	+ 2	+ 8

Manufacturing

Indexes: 1923–5 = 100	Employment*			Payrolls*		
	June 1941 index	Per cent change from May 1941	Per cent change from June 1940	June 1941 index	Per cent change from May 1941	Per cent change from June 1940
TOTAL	**106**	**+ 2**	**+24**	**127**	**+ 4**	**+54**
Iron, steel and products	110	+ 3	+34	178	+ 4	+72
Nonferrous metal products	175	+ 5	+39	263	+ 8	+70
Transportation equipment	85	+ 4	+42	107	+ 9	+69
Textiles and clothing	98	0	+19	102	+ 1	+41
Textiles	91	+ 1	+20	95	+ 1	+42
Clothing	126	0	+18	135	+ 1	+41
Food products	108	+ 1	+ 4	127	+ 6	+10
Stone, clay and glass	94	0	+24	110	0	+42
Lumber products	67	+ 7	+ 8	71	+10	+26
Chemicals and products	109	+ 2	+16	139	+ 3	+30
Leather and products	95	0	+16	105	+ 4	+35
Paper and printing	102	0	+ 4	120	+ 4	+15
Printing	92	0	+ 3	105	0	+ 9
Others:						
Cigars and tobacco	68	+ 1	+ 8	65	+ 6	+ 5
Rubber tires, goods	99	+25	+24	137	+29	+47
Musical instruments	75	+ 2	+13	93	+ 4	+38

* Figures from 2,680 plants.

Hours and Wages

Factory Workers Averages June 1941 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
TOTAL	**41.4**	**+12**	**$.808**	**+11**	**$33.19**	**+25**
Iron, steel and prod.	42.6	+13	.914	+14	38.91	+29
Nonfer. metal prod.	42.5	+12	.718	+ 8	30.54	+21
Transportation equip.	44.9	+18	.889	+ 8	39.84	+27
Textiles and clothing	37.4	+13	.552	+ 5	20.64	+19
Textiles	37.7	+14	.561	+ 5	21.12	+19
Clothing	36.6	+13	.526	+ 8	19.36	+19
Food products	40.6	+ 3	.664	+ 5	27.36	+ 8
Stone, clay and glass	38.0	+ 7	.766	+ 6	29.07	+14
Lumber products	41.6	+ 9	.565	0	23.26	+10
Chemicals and prod.	40.1	+ 5	.857	+ 5	34.02	+10
Leather and products	39.3	+12	.560	+ 1	22.04	+14
Paper and printing	40.9	+ 4	.759	+ 6	32.08	+10
Printing	37.1	+ 1	.916	− 1	36.12	+ 3
Others:						
Cigars and tobacco	36.5	− 6	.468	+ 2	17.11	− 4
Rubber tires, goods	41.1	+12	.763	+ 3	31.38	+15
Musical instruments	45.2	+ 8	.716	+12	32.38	+20

* Figures from 2,451 plants.
† Figures from 2,680 plants.

Wholesale trade Unadjusted for seasonal variation	Per cent change: June 1941 from Month ago	Per cent change: June 1941 from Year ago	Per cent change: 1941 from 6 mos. 1940
Sales			
Total of all lines	+ 5	+ 42	+33
Boots and shoes	−20	+ 42	.....
Drugs	+ 3	+ 4	.....
Dry goods	+ 3	+ 41	+26
Electrical supplies	+26	+114	+77
Groceries	− 2	+ 15	+16
Hardware	+ 9	+ 56	+53
Jewelry	+ 5	+ 77	+49
Paper	+ 9	+ 28	+19
Inventories			
Total of all lines	+ 1	+ 2	.....
Dry goods	+ 2	− 8	.....
Electrical supplies	− 1	+ 15	.....
Groceries	+ 2	+ 27	.....
Hardware	− 7	+ 21	.....
Jewelry	+ 2	0	.....
Paper	+ 5	+ 7	.....

Source: U. S. Department of Commerce.

Commodity prices Index: 1926 = 100	June 1941	Per cent change from Month ago	Per cent change from Year ago	Per cent change from Aug. 1939
Basic commodities				
7 industrial	90	0	+11	+28
7 agricultural	70	+5	+34	+45
Wholesale*	87	+3	+12	+16
Raw materials	84	+5	+18	+26
Finished products	89	+2	+10	+12
Farm	82	+7	+24	+35
Food	83	+5	+18	+24
Other	89	+1	+ 8	+11
Retail food* (1935–9 = 100)	106	+4	+ 8	+13
Philadelphia	103	+3	+ 8	+11
Scranton	105	+2	+ 7	+14

* Source: U. S. Bureau of Labor Statistics.

Indexes: 1935–1939 = 100	Adjusted for seasonal variation: June 1941	May 1941	June 1940	Per cent change: June 1941 from Mo. ago	Per cent change: June 1941 from Year ago	Per cent change: 1941 from 6 mos. 1940	Not adjusted: June 1941	May 1941	June 1940
RETAIL TRADE									
Sales									
Department stores—District	119p	125	108	− 5	+10	+16	116p	125	106
Philadelphia	115	124	104	− 7	+11	+16	113	119	102
Men's apparel	112p	125	111	−10	+ 1	+13	128p	119	128
Women's apparel	97p	104	97	− 6	+ 1	+ 8	89p	103	88
Shoe	98p	108	108	− 9	− 8	+17	117p	141	128
Credit	129p	123	115	+ 4	+11	+15	122p	135	110
Inventories									
Department stores—District	109p	107	94	+ 2	+16	.....	104p	109	90
Philadelphia	105	103	91	+ 2	+15	.....	99	104	86
Women's apparel	103p	97	91	+ 6	+12	.....	88p	97	79
Shoe	103p	101	102	+ 2	+ 1	.....	99p	107	98
Credit	135p	130	114	+ 4	+19	.....	124p	125	105
FREIGHT-CAR LOADINGS									
Total	148	144	116	+ 3	+28	+24	151	149	118
Merchandise and miscellaneous	140	137	112	+ 2	+25	+27	145	145	116
Merchandise—l.c.l.	109	109	93	0	+17	+13	110	111	94
Coal	170	150	124	+13	+36	+12	148	138	108
Ore	158	204	128	−23	+24	+60	272	284	219
Coke	197	190	137	+ 4	+44	+42	185	190	129
Forest products	130	121	87	+ 8	+49	+51	140	127	94
Grain and products	130	120	111	+ 9	+17	+ 5	109	107	93
Livestock	100	109	118	− 8	−15	− 3	86	95	101
MISCELLANEOUS									
Life insurance sales	101	99	98	+ 1	+ 3	+ 6	105	106	102
New passenger auto. registrations	.....	.....	.....	−13*	+28*	+30*	190	219	149
Hotels (1934 = 100)									
Occupancy	.....	.....	.....	− 1*	+ 4*	+ 6*	114p	114	110
Income, total	.....	.....	.....	−11*	−11*	+ 7*	106	119	121
Business liquidations									
Number	.....	.....	.....	−32*	−27*	− 6*	82	121	112
Amount of liabilities	.....	.....	.....	−36*	0*	+ 4*	61	96	61
Check payments	148	138	110	+ 7	+35	+23	154	137	114

* Computed from unadjusted data. p—Preliminary. r—Revised.

BANKING STATISTICS

Reporting member banks (000,000's omitted)	July 23, 1941	Changes in— Five weeks	Changes in— One year
Assets			
Commercial loans	$ 296	+$10	+$ 75*
Open market paper	40	+ 1	+ 9
Loans to brokers, etc.	25	0	+ 2
Other loans to carry secur.	30	− 1	0
Loans on real estate	52	0	+ 2
Loans to banks	.....	0	− 1
Other loans	109	+ 3	+ 4*
Total loans	$ 552	+$13	+$ 91
Government securities	$ 415	−$ 1	+$ 53
Obligations fully guar'teed	92	− 9	+ 2
Other securities	261	0	− 18
Total investments	$ 768	+$ 8	+$ 37
Total loans & investments	$1,320	+$21	+$128
Reserve with F. R. Bank	503	− 2	+ 11
Cash in vault	24	− 1	+ 4
Balances with other banks	216	− 1	+ 12
Other assets—net	78	− 1	− 2
Liabilities			
Demand deposits, adjusted	$1,152	+$19	+$125
Time deposits	260	− 1	− 2
U. S. Government deposits	17	+ 1	− 29
Interbank deposits	478	− 1	+ 53
Borrowings	.....	0	0
Other liabilities	16	− 1	+ 2
Capital account	218	− 1	+ 4

* Revised.

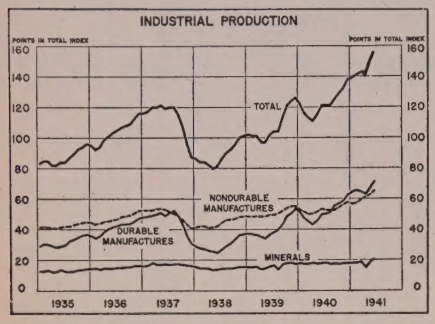
MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended— June 25	July 2	July 9	July 16	July 23	Changes in five weeks
Sources of funds:						
Reserve Bank credit extended in District	+22.3	+ 5.2	− 0.6	−0.7	− 2.2	+24.0
Commercial transfers (chiefly interdistrict)	+ 3.2	+ 3.0	− 1.4	+2.1	− 1.4	+ 5.5
Treasury operations	−27.3	+ 6.1	− 8.0	+6.8	− 6.2	−28.6
Total	− 1.8	+14.3	−10.0	+8.2	− 9.8	+ 0.9
Uses of funds:						
Currency demand	+ 4.1	+11.9	− 0.6	−0.6	− 1.2	+13.6
Member bank reserve deposits	− 2.7	− 0.4	− 5.7	+8.1	−10.2	−10.9
"Other deposits" at Reserve Bank	− 3.2	+ 3.3	− 3.7	+0.8	+ 1.6	− 1.2
Other Federal Reserve accounts	+ 0.0	− 0.5	− 0.0	−0.1	− 0.0	− 0.6
Total	− 1.8	+14.3	−10.0	+8.2	− 9.8	+ 0.9

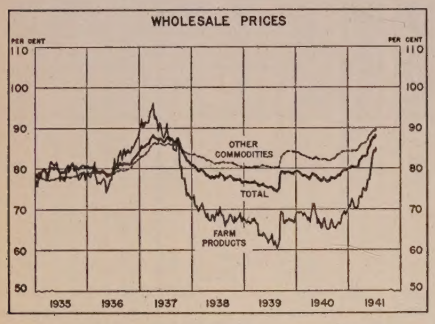
Member bank reserves (Daily averages: dollar figures in millions)	Held	Required	Excess	Ratio of excess to required
Phila banks:				
1941: June 1–15	$503.4	$243.8	$259.6	106%
June 16–30	495.1	242.4	252.7	104 "
July 1–15	489.2	243.1	246.1	101 "
1940: July 1–15	479.0	221.4	257.6	116 "
Country banks:				
1941: June 1–15	206.5	108.3	98.2	91 "
June 16–30	206.3	108.3	98.0	90 "
July 1–15	203.6	108.7	94.9	87 "
1940: July 1–15	189.1	97.4	91.7	94 "

Federal Reserve Bank of Phila. (Dollar figures in millions)	July 23, 1941	Changes in— Five weeks	Changes in— One year
Bills discounted	$ 0.1	−$ 0.2	−$ 0.1
Bills bought	0	0	0
Industrial advances	3.6	+ 0.2	+ 0.9
U. S. securities	171.8	− 1.3	− 22.6
Total	$175.5	−$ 1.3	−$21.8
Note circulation	469.4	+ 15.0	+108.3
Member bk. deposits	688.9	− 10.9	+ 29.0
U. S. general account	69.2	− 14.1	+ 37.1
Foreign bk. deposits	113.0	− 4.2	+ 40.1
Other deposits	18.4	− 1.2	+ 7.5
Total reserves	1209.8	− 38.9	+247.7
Reserve ratio	89.0%	− 1.9%	+ 4.4%

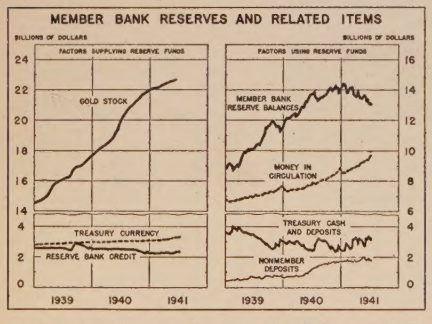
National Summary of Business Conditions



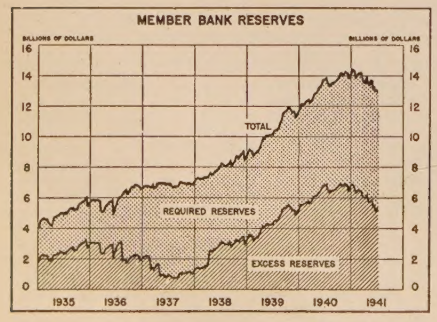
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935–39 average =100. Subgroups shown are expressed in terms of points in the total index. By months, January 1935 to June 1941.



Bureau of Labor Statistics' indexes, 1926 =100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935 to week ending July 12, 1941.



Wednesday figures, January 4, 1939 to July 9, 1941.



Wednesday figures, January 2, 1935 to July 9, 1941. Required and excess reserves, but not the total, are partly estimated.

Industrial production increased further in June, continuing the rapid advance that began about a year ago. Commodity prices, both in retail and in wholesale markets, rose considerably between the early part of June and the third week of July.

Production

Reflecting the continued advance in industrial activity at a time when output ordinarily declines, the Board's adjusted index advanced from 150 per cent of the 1935-1939 average in May to 156 in June and preliminary estimates indicate a further rise in July. The current level compares with 104 before the start of the European war and 111 in the spring of 1940, when the current advance in industrial activity began.

Further increases in output were reported in June for a considerable number of industries, particularly those associated closely with the defense program, and there were no important declines. As in other recent months, activity in the aircraft, shipbuilding, machinery, and railroad equipment industries rose sharply. Automobile production was maintained at the high level of May, owing mostly to unusually large retail sales. Output of iron and steel and nonferrous metals, already close to capacity, did not show an increase to correspond with the rise in output of finished metal products and official statements indicated growing concern over shortages of numerous materials. Steel ingot production remained close to 99 per cent of capacity during June, but the rate in the middle of July was slightly lower. For the year to date output of steel has averaged 98 per cent of the rated capacity as of December 1940.

Output of textiles and most other nondurable manufactures in June continued at recent advanced levels, which in some instances represent capacity production. Output of chemicals continued to increase rapidly. Also, there was a sharp rise in rubber consumption, reflecting continued heavy demand for rubber products and the fact that June was the last month before curtailment of rubber consumption by industry was to go into effect and was the month to be used in apportioning July consumption among various manufacturers.

Mineral production increased in June, with a marked rise in output of anthracite, some further increase in output of bituminous coal, and a continued advance in crude petroleum production to a new high level.

Value of construction contract awards in June continued at the high level reached in May and was nearly two-thirds above a year ago, according to figures of the F. W. Dodge Corporation. Awards for public construction again increased sharply, reflecting continued expansion in the volume of defense construction projects. Private residential building contracts declined somewhat more than seasonally, following an increase in May.

Distribution

Sales of general merchandise showed little change from May to June. Department stores sales decreased more than seasonally, while rural retail and variety store sales remained at the May level, although a decline is usual at this time of the year. In the early part of July sales at department stores rose somewhat and were 24 per cent higher than a year ago.

Loadings of revenue freight increased further in June, reflecting continued expansion in shipments of coal and miscellaneous merchandise, and by the end of the month were in larger volume than at any time during the seasonal peak last autumn.

Commodity Prices

Wholesale prices of most groups of commodities continued to advance from the early part of June to the middle of July. Prices of foodstuffs showed large increases and there were substantial advances in prices of a number of industrial raw materials and finished products. Following earlier marked advances, prices of hides and cotton gray goods were reduced by governmental action. Retail prices for foods and many other commodities have been rising and in June the cost of living was about 4 per cent higher than four months earlier. Preliminary figures indicate further advances in July.

Bank Credit

Holdings of United States Government securities by member banks in 101 leading cities increased further during June and early July, reflecting in part new offerings by the Treasury. Commercial loans continued to rise sharply.

Notwithstanding the greater volume of bank loans and investments, deposits of city banks declined somewhat over the period, reflecting mainly a growing demand for currency and a building up of Treasury deposits at the Reserve Banks. These developments also resulted in a decrease in the volume of excess reserves, which amounted to about $5,300,000,000 on July 16, compared with $6,900,000,000 a year earlier.

United States Government Security Prices

United States Government securities advanced further during the latter part of June. Partially tax-exempt 1960-65 bonds on June 26 were at an all-time peak, on a 2.02 yield basis. Since that time they have declined slightly. Taxable bonds generally continued to advance to successive new high levels. Yields on Treasury notes showed little change during the latter part of June and the first half of July.